



GLOBAL CLIMATE CHANGE

MAY 2006



USAID climate change activities in Bulgaria focus on developing a regulatory framework for the energy sector that will promote efficient energy use and on environmental programs that promote biodiversity conservation. Important environmental initiatives include improved natural resources management, a protected areas network, financial mechanisms for environmental protection, and ecotourism.

Background. Bulgaria has an energy-intensive economy due to inefficient energy production and consumption. The power system is the largest source of emissions in Bulgaria. Passage of a modern energy law and regulatory framework has Bulgaria on a path to a more efficient system. The initiation of national and regional competitive electricity markets will result in more efficient generation and use. Privatization and investment are underway that will improve efficiency in existing thermal plants. Inefficient district heating systems and apartment blocks result in excess energy use and emissions. The expansion of the natural gas system will lead to more efficient heat and electricity production. Inefficient energy use by industry, municipalities, and households is facilitated by low tariffs and inadequate investment in energy efficiency measures. In addition to the energy system, logging and other activities adversely impact Bulgaria's forest and other natural resources, with climate change implications.

Sector-Specific Climate Change Activities.

Energy Regulatory Development. Central to the power system reform effort is the creation of a regulatory environment that will attract rehabilitation and environmental investments. USAID supported the development of the modern energy law and is assisting the State Energy Regulatory Commission (SERC) in the development of a competitive electricity market; economic tariffs for electricity, gas, and district heating; licensing and regulatory reporting; and sector monitoring. This work provides incentives for more efficient energy use, investments in thermal power plant rehabilitation and environmental upgrades, alternatives to unsafe nuclear facilities, and the development and use of more efficient heating systems.

In 2005, various training sessions were held with Bulgarian State Energy and Water Regulatory Commission experts on various subjects, including several workshops on green energy trading practices in the US and experiences of Western European countries in establishing a green energy market. Additionally, USAID helped to finalize key secondary legislation and regulations that will have direct impact on the utilization of clean energy resources. USAID also focused on restructuring Bulgaria's energy sector in 2005, supporting the privatization of three major electricity generation companies by developing the regulatory framework for electricity generation. As a result, a privatization deal for TPP (thermal power plant) Varna was signed in 2006.

USAID's partners in climate change activities in Bulgaria include*:

- Pierce Atwood
 - State Energy Regulatory Commission (SERC)
 - National Eco Trust Fund
- * Because partners change as new activities arise, this list of partners is not comprehensive.

Municipal Energy Efficiency Program. USAID successfully completed its technical assistance to the Municipal Energy Efficiency Program (MEEP) in 2004, having mobilized over US \$11 million for financing of 33 revenue-generating energy efficiency projects financed under the Development Credit Authority (DCA)¹. One of its final energy efficiency projects concerned the retrofitting of the heating system of a municipal hospital. The project included the construction of a new water boiler for biomass combustion, accessory equipment for saving, passing and burning of briquettes, and the installment and insulation of 400 m hot water pipelines stemming from the boiler station to the sub station. Such interventions resulted in energy savings of 22 tons of oil equivalent and the reduction of 589 tons of carbon dioxide (CO₂). In addition to technical assistance, USAID advisors provided targeted training sessions to sponsors and financial institutions in Bulgaria with the aim of establishing local capacity for managing the MEEP in the future.

Land Use. The first management plan of the Rila Monastery Nature Park allows for conservation and management of more than 25,000 hectares of forest and high-mountain meadows located in the heart of the Rila Mountain, and for preservation of more than 14,706 hectares. With USAID's support, the plan was finalized and approved by the Bulgarian government.

USAID also assisted in coordinating the completion of the National Ecotourism Strategy and Action Plan which was officially presented to the Bulgarian government in 2004. USAID was instrumental in the development of this policy document and practical guide by undertaking the leading role in ensuring all stakeholders, including government institutions, local government, regional tourism organizations, NGOs and private entrepreneurs were involved.

Finally, the first Protected Areas Fund (PAF) was formally institutionalized as a sustainable mechanism for financing protected areas activities. USAID worked closely with the National Eco Trust Fund to build its capacity to establish and operate the PAF. The PAF is one of USAID's legacies in country.

For more information on Bulgaria, visit
USAID's Website at:

<http://www.usaid.gov>

¹ Development Credit Authority (DCA) is a broad financing authority allowing USAID to provide credit assistance (loan and bond guarantees) for any of the development purposes specified under the Foreign Assistance Act (FAA) of 1961, as amended. For further information, see:
http://www.usaid.gov/our_work/economic_growth_and_trade/development_credit/detailed_description.htm